

# Repurposing Space Through Off-Site Package Management

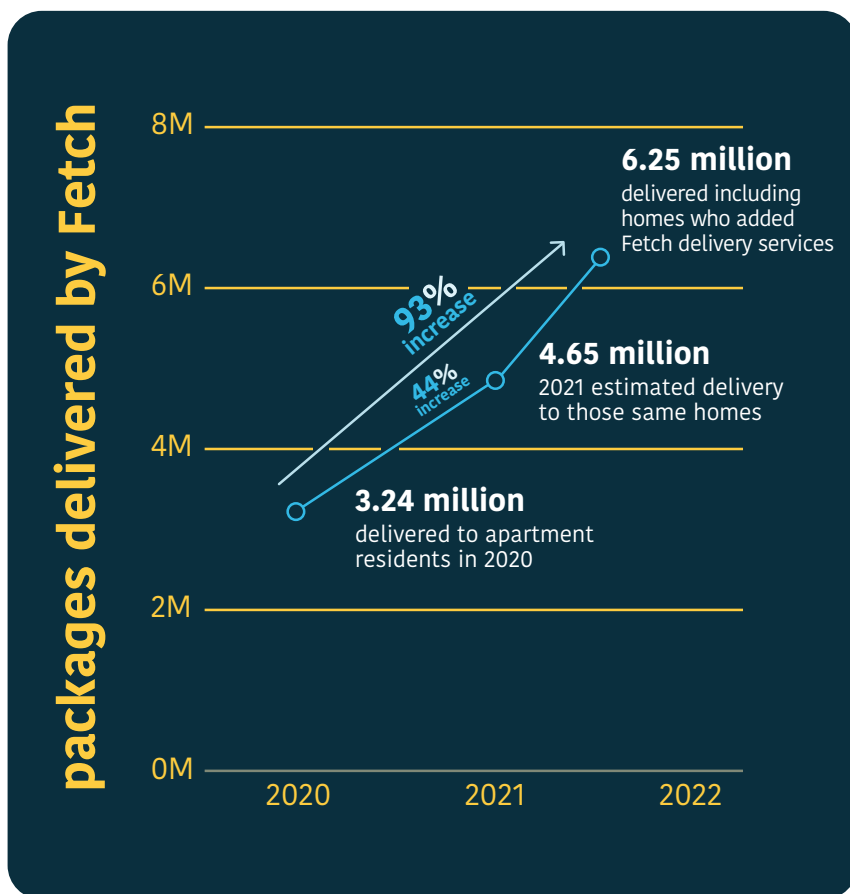
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A complete analysis of how to turn  
on-site package management systems  
into NOI generating amenities



# multifamily is impacted by skyrocketing e-commerce

The COVID-19 pandemic drastically changed the way renters live their lives. It reshaped the way we interact, conduct business, think and receive our basic needs. Renters have grown accustomed to online shopping and at-home delivery; skyrocketing e-commerce and the rate of packages being delivered at multifamily residential communities.



With hundreds of apartments routing their deliveries through a central leasing office, packages immediately pile up – even if a package management solution is already in place. The management of the receipt and distribution of those packages is an overwhelming and infeasible task for on-site teams.

The number of packages arriving at apartment communities isn't decreasing. That indicates that a new baseline has been established for deliveries, according to [Fetch CEO Michael Patton](#).

“The new floor of e-commerce volume is here to stay. We haven't seen it go back to **pre-COVID numbers**.”

- MICHAEL PATTON  
FETCH CEO

## A shift in how the industry views package solutions

The apartment industry is now faced with the reality that it isn't just weathering a package storm. The package volume that multifamily communities are experiencing will only continue to grow.

This means the woefully inadequate infrastructure that operators had in place prior to the COVID-19 pandemic will remain insufficient for the foreseeable future. Next year, package lockers and package rooms will be even less viable options for package management than they are now. Property teams won't be any less taxed with package duties than they are today.

Management companies and property developers are in the process of deciding whether it makes sense to dedicate capital, on-site teams and square footage to package management at all, or if repurposing that money, time and real estate delivers better ROI.



On-site package lockers and smart rooms were designed to take package management off the plates of property teams. And they were largely effective in that goal before the online shopping trend really began to take off. Now, regardless of what type of on-site package infrastructure is in place, on-site associates have to pitch in to help manage the package volume.

The required level of involvement from property teams has increased alongside e-commerce. Leasing associates were forced to become package sorters, stackers and door-to-door couriers just to free up enough space in package rooms or lockers for the next day's deliveries. **Ultimately, the time spent by on-site teams managing resident packages reached a level where it kept leasing associates from delivering on customer service and prevented service team members from conducting timely apartment turns and walking the grounds. And projections indicate that e-commerce levels will only continue to escalate.**

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We were only a few months into the locker era when we understood that at many of our properties, lockers weren't sufficient for the amount of packages we were receiving. What we've found is that whether you have lockers or a package room, **you always need a secondary package management program going on behind the scenes that entails utilizing the management team or leasing staff.**

- LUANNE MCNULTY  
VP OF THE CENTRAL REGION FOR ZRS

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We value our teams' time, and we want to be able to quantify it. Is it a good use of their time to be package runners for an average of two hours a day, every single day? The amount of time that package management had taken away from our on-site teams had been on our mind for years. We knew this problem was **just going to continue to get worse.** ”

- JAMI PICHOT  
SENIOR VP OF OPERATIONS FOR GRIFFIS RESIDENTIAL

The only way to truly remove the package burden from property teams is to take package management off-site. With a third-party package solution that stores resident deliveries away from the property, on-site associates aren't involved with the receipt, storage or distribution processes. Residents schedule a time for delivery ensuring that packages aren't left unattended in the community and the need to dedicate capital, on-site teams' time and square footage to package management is eliminated.

Without the need for lockers or package rooms, off-site package management enables owners and operators to reclaim and ultimately repurpose the square footage previously reserved for on-site package management systems into NOI generating activities.

## Retrieve Space, Not Packages

By leveraging an off-site package management solution and eliminating the need for on-site package storage facilities, opportunities abound for practical or creative uses of the reclaimed space.



### Enhance operations

- On-site teams can use repurposed package rooms to enhance operations by expanding the leasing office or creating a closing room.
- The space could be used to expand or establish a maintenance office.



### New amenities & services

The amenity war between apartment communities is evolving. While big-ticket facilities like pools, fitness centers and clubhouses still draw attention, renters are also seeking conveniences and services that make their lives easier. Repurposed locker space or package rooms can provide just enough real estate to tip the scales for a community, if used strategically.

The square footage previously used to store packages can be converted into a new high-end amenity or service. A few options include:

- Bike repair room
- Self-serve convenience store
- Self-service printing center
- Game room
- Resident Event Room
- Transit rooms for ridesharing or public transport
- Library or Lounge Area
- Meditation studio



Repurpose your locker space  
**to a community print station!**





## New amenities & ancillary revenue potential

Other options for the redeployment of reclaimed package storage spaces include new amenities with the potential to generate ancillary revenue. With the work-from-home and remote learning trends here to stay, establishing a rentable amenity that caters to residents operating remotely could pay immediate dividends.

Ideas for reservable remote work and learning amenities include:

- Co-working pod
- Zoom room
- Office space
- Podcast studio
- Classroom space

Other rentable spaces may provide a similar return, including:

- Storage units
- “She sheds” or “man caves” for parents who may need a break from the family



## Retrieve ROI

Once an apartment community is constructed and all phases of the project are complete, the property layout and the number of homes is typically set in stone. But if a package room was built into the original design, there may still be some flexibility. To maximize ROI, operators can also consider transforming former package rooms into livable space.

- Depending on the features and square footage, former package rooms can be converted into a new apartment home to increase the overall revenue stream.
- If the recovered space is limited, operators might consider a micro-apartment or a short-term rental that residents can reserve when they have family or friends in town.
- If the former package room is adjacent to an existing apartment home, the home could be expanded to include the package room space, creating another bedroom or a coveted in-home office.
- [GlobeSt.com](#) reported that 35% of renters are looking to upsize this year as a direct result of work-from-home trends.

According to a [Forbes.com report](#), at a 7% cap rate, every \$1 in new NOI adds \$14 to a property's value. For example, if a property owner adds \$100,000 in additional NOI, it could result in **\$1.42 million in property appreciation**.

On average, **250-unit communities** generate upwards of **\$15,000** in annual NOI on new leases and renewals simply by utilizing **Fetch**. Using the Forbes formula, that equates to a **\$210,000** increase in property value.

### Getting the Right Amenity Mix

Making the move to an off-site package management solution can feel heavy, especially when an investment was made in package lockers or storage rooms.

“One of the hardest decisions for multifamily teams is what mix of amenities to put into a project. A lot depends on the type of community, the geographic market, local recreation preferences, climate conditions, availability and cost of land, and of course the budget. But getting the amenity mix right is crucial to the ultimate success of your project. The worst thing is to install an expensive bonus item and not have anyone use it. It's not only an out-of-pocket cost, it's a lost opportunity:

---→ What other “**extra**” would have worked better?”

- ROBERT CASSIDY  
MULTIFAMILY DESIGN +CONSTRUCTION

Property developers still like the idea of a shiny, tangible amenity to highlight during property tours, regardless of its efficacy for residents or the burden it places on on-site associates.

**But that mindset is changing.**

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We've faced some challenges with getting developers on board with us, but that money spent on lockers could be used elsewhere. **When we're working with developers on design, especially in the early stages, we're asking them not to pay the \$30,000 to \$50,000 for lockers.** Developers are getting more comfortable with the idea of not having the tangible amenity of a package locker.

- LUANNE MCNULTY  
VP OF THE CENTRAL REGION FOR ZRS

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The \$50,000 saved by not installing package lockers could be used to enhance other amenities or add a new property feature, new resident service or program, and replace on-site package facilities with an equally marketable amenity to highlight during prospect visits.

Real Estate Developers love the idea of **off-site package management.**

**Read more here**

As the amenity wars between communities evolve, so do residents' expectations of their community's amenity stack. Today's renters are looking for an apartment home that offers more than just physical amenities like a pool, gym or package lockers. They want amenities that cater to their lifestyle and make their day-to-day activities more convenient. As “services as an amenity” rise in popularity within the industry, multifamily owners, operators and developers have a unique opportunity to consider how to best leverage each inch of square footage to maximize Net Operating Income (NOI).

Let's  
chat.

**Ready to leverage package lockers  
and rooms into additional NOI?**

**[Get in touch with a member of the Fetch team to discuss off-site package management and our locker incentive program.](#)**